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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS
DOUG LITTLE, CHAIRMAN
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

IN THE MATTER OF THE APPLICATION
OF GARKANE ENERGY COOPERATIVE,
INC., AN ELECTRIC COOPERATIVE
NONPROFIT MEMBERSHIP
CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS PROPERTY
FOR RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RETURN
THEREON, AND TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN
AND REQUEST FOR WAIVER.

DOCKET NO. E-01891A-15-0176

NOTICE OF LATE FILED EXHIBIT
(CORRECTED WPCA POA)

Arizona Corporation Commission

DOCKETED

MAR 31 2016

DOCKETED BY

KE

Garkane Energy Cooperative, Inc. by and through undersigned counsel, in accordance with direction provided by Administrative Law Judge Sarah N. Harpring at the conclusion of the hearing conducted March 30, 2016 in this matter, hereby gives notice:

1. A corrected Plan of Administration for its Wholesale Power Cost Adjustor (Exhibit A-15) is hereby being docketed to be substituted for Exhibit A-15 provided at the time of hearing; and

2. Upon reviewing his workpapers, Mr. David Hedrick did not locate a Schedule G-8.0 and concludes a Schedule G-8.0 was never prepared despite a reference to it at page 26 of his pre-filed Direct Testimony (Attachment 4 to Exhibit A-1). The sentence starting on line 24 of page 26, therefore, should have been deleted from Mr. Hedricks pre-filed testimony.

1 DATED this 31st day of March, 2016.

2 Law Offices of William P. Sullivan, P.L.L.C.

3
4 By: 

5 William P. Sullivan
6 501 East Thomas Road
7 Phoenix, Arizona 85012-3205
8 Attorneys for Garkane Energy
9 Cooperative, Inc.

10 PROOF OF AND CERTIFICATE OF MAILING

11 I hereby certify that on this 31st day of March, 2016, I caused the foregoing document
12 to be served on the Arizona Corporation Commission by delivering the original and thirteen
13 (13) copies of the above to:

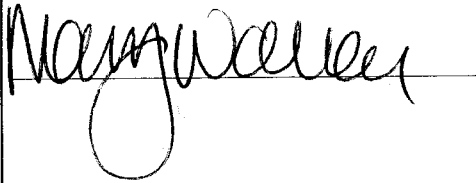
14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

18 With a copy thereof
19 emailed, hand-delivered and/or mailed to:

20 Robin Mitchell, Esq.
21 rmitchell@azcc.gov
22 Matthew Laudone, Esq.
23 mlaudone@azcc.gov
24 Legal Division

25 Sarah N. Harpring, Administrative Law Judge
Hearing Division
rtallman@azcc.gov
dperson@azcc.gov
awilson@azcc.gov

1 Court S. Rich, Esq.
2 Rose Law Group, PC
3 7144 East Stetson Drive, Suite 300
4 Scottsdale, Arizona 85251
5 crich@roselawgroup.com
6 Attorneys for The Alliance for Solar Choice
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GARKANE ENERGY COOPERATIVE, INC.
PLAN OF ADMINISTRATION FOR ITS
WHOLESALE POWER COST ADJUSTOR

This Plan of Administration ("POA") relates to the administration of Garkane Energy Cooperative, Inc. ("GEC") Wholesale Power Cost Adjustor ("WPCA") and is filed for Arizona Corporation Commission ("Commission") approval pursuant to Decision No. _____, dated _____, 2016. The purpose of the POA is to describe how GEC currently administers its WPCA and to provide GEC flexibility to adapt to changing conditions that may impact its administration of its WPCA.

Overview:

GEC is an electric distribution cooperative that is member owned and managed as a not-for profit entity. Its member-customers elect, from its membership, an eleven member board of directors to set policy and oversee the management of the cooperative. Margins earned by GEC flow to patronage capital accounts of its members that are retired over a number of years, as permitted by GEC's financial condition. Currently, GEC secures almost all of its power through long term contracts with Deseret Power Electric Cooperative, a generation cooperative, of which GEC is a member-owner.

Purchased power costs are a significant component of GEC's cost of providing electric service to its members. The purpose of the WPCA is to allow an electric utility to recover or refund fluctuating power supply costs between rate cases.

The Commission has recognized that the distinctions between electric distribution cooperatives and investor owned utilities ("IOUs") warrant different and less onerous regulation of a cooperative's purchase power and fuel cost adjustor. See, e.g., Decision No. 50266, dated September 18, 1979. GEC has for decades been allowed to make adjustments to its WPCA rate as needed without securing Commission approval.

The WPCA Bank balance is tracked and adjustments made to the WPCA rate as necessary to move the WPCA Bank balance toward zero over a reasonable period of time. GEC and its members desire a predictable power cost from month to month, while avoiding an unreasonable over or under collected balance in the WPCA "Bank". Because of extreme temperatures in the winter and the variable seasonal cost of power, the WPCA Bank balance can move rather significantly from month to month, but over the course of a rolling twelve (12) month period, barring any major change, such as change in costs from GEC's power suppliers, the WPCA Bank balance tends to settle out without changing the WPCA rate. This POA continues the Commission's longstanding practice of allowing GEC to make adjustments to its WPCA rate, up

or down, as it deems appropriate to address under or over collections of the WPCA bank balance, subject, of course, to more specific Commission orders.

Eligible Expenses:

Commencing _____, 2016 expenses booked in the following Rural Utilities Service Accounts in accordance with RUS procedures and protocols shall be eligible for inclusion in GEC's WPCA:

Account 555 (purchased power fuel costs, both demand and energy)

Nothing herein shall preclude GEC from requesting the Commission authorize recovery of additional or different costs through the WPCA, but no such costs shall be included within the WPCA by GEC without specific Commission authorization.

The Base Cost of Fuel:

The Base Cost of Fuel (Authorized Base Cost) shall be established by order of the Commission. The current Authorized Base Cost is \$0.0 _____ of Fuel as established in Decision No. _____ and is effective for all electricity sold on and after _____, 2016 until adjusted by order of the Commission.

WPCA Rate:

The WPCA Rate shall be adjusted to zero effective for all electricity sold on and after _____, 2016 until adjusted in accordance with this POA or order of the Commission.

WPCA Bank Balance:

As of _____, 2016 the WPCA Bank Balance is \$ _____ ([under/over] collected).

Monthly Reporting:

A monthly report together with confidential invoices for all eligible expenditures and confidential supporting schedules shall be submitted to the Utilities Division. The report shall be submitted on the forms attached hereto, or as amended from time to time by GEC with the written consent of the Director of Utilities, which amended forms shall be docketed in GEC's most recent rate case docket that has resulted in a final rate decision from the Commission. The monthly report shall be filed no later than the 30th day of the second month following the month being reported (approximately 60 days).

Annual Report and Adjustment:

Each year following GEC's Board acceptance of its annual certified outside audit performed in accordance with RUS requirements, including specific review of the purchased power costs reported through the WPCA during the audit period, GEC shall file revised year end and monthly

reports to reflect all adjustments identified by the audit. The revised reports shall be clearly marked as "Revised" on the reporting forms and all adjustments shall be explained in a cover letter and footnotes to the schedules. Such adjusted reports shall be filed no later than six months after the end of the applicable audit period (June 30 for a calendar year audit).

Monitoring and Adjustment of WPCA Rate:

To avoid large monthly swings in the cost of electricity sold to members, GEC management shall monitor and adjust the WPCA Rate using the following general guidance:

- (i) Changes to the WPCA Rate should be minimized;
- (ii) The WPCA Bank balance should not become under or over collected in excess of \$600,000;
- (iii) In the event the WPCA Bank balance does equal or exceed \$600,000 GEC shall make an adjustment in its WPCA Rate in an effort to move the balance close to zero during the next twelve months;
- (iv) The level of adjustment shall be based upon a twelve month forward looking period commencing with the last period for which a monthly report was filed with the Commission; and
- (v) The prior twelve months prices and sales shall be used for the projection, adjusted for likely changes in both, provided no monthly adjustment shall be greater than percentage change for the same month a year earlier, unless based upon known and definite data (such as an approved rate change for a power supplier or a new customer load).

GEC management shall regularly review the status of the WPCA Bank balance with the GEC Board of Directors. All adjustments to the WPCA Rate shall be approved by the GEC Board of Directors.

DOCKET NO:E-01891A-00-0000				DECISION NO: 50266			
PURCHASED POWER AND FUEL ADJUSTOR BANK BALANCE REPORT							
GARKANE ENERGY COOPERATIVE, INC						3/30/2016 14:41	
PO BOX 465						2 copies mailed to	
LOA, UTAH 84747						ACC	
FOR THE MONTH OF						Mar-16	
Line	DESCRIPTION						
1	ENDING BANK BALANCE FROM PREVIOUS MONTH						
2	JURISDICTIONAL SALES (Applicable to Fuel ADJ)						
	This number SHOULD be the same as the number listed on FA-3.						
3	ACTUAL COST OF PURCHASED POWER						
	(line 2 FA-1 X line 11, cost per kwh sold FA-2)						
4	UNIT COST OF PURCHASED POWER						
	(Line 3 / Line 2) Carry Out Six decimal places.						
5	AUTHORIZED BASE COST OF PURCHASED POWER						
	DECISION NO.	50266	DATED	1979			
6	AUTHORIZED PURCHASED POWER ADJUSTOR						
	DECISION NO.	Garkane	DATED	1-Jan-99			
7	TOTAL RATE COLLECTED FROM CUSTOMERS						
	(Line 5 + Line 6)						
8	INCREMENTAL DIFFERENCE BETWEEN AUTHORIZED AND ACTUAL RECOVERY						
	(Line 4 - Line 7)						
9	NET CHANGE TO BANK BALANCE (Line 2 X Line 8)						
10	ADJUSTMENT TO BANK BALANCE						
11	PREAPPROVED DSM COSTS						
12	ENDING BANK BALANCE						
	(Line 1 + Line 9 + Line 10 + Line 11)						

FA-2						
GENERAL INFORMATION						
COMPANY NAME						
1	GARKANE ENERGY COOPERATIVE, INC					
	PO BOX 465					
	LOA, UTAH 84747				MONTH OF Mar-16	
2	CONTACT PERSON		MARCUS LEWIS			
3	CONTACT TELEPHONE NUMBER		1-435-836-2795			
GENERATION						
4	HYDRO GENERATION COST					
5	TOTAL GENERATION COSTS					A. \$ -
PURCHASED POWER						
6	BASE METER CHARGE					
	Less: Kanab City Acquisition Charge					
	Less: Colorado City/Hildale Acquisition Charge					
7	DEMAND CHARGE					
8	ENERGY CHARGE					
	TOTAL PURCHASED POWER COSTS					B. \$0.00
9	TOTAL COST OF GENERATION & PURCHASED POWER					C. -
10	KWH					
	GENERATED					
	PURCHASED					
	TOTAL KWH GENERATED / PURCHASED					0
11	COST PER KWH GENERATED /PURCHASED					#DIV/0!
	(Line 9 / Line 10)					
	COST PER KWH SOLD (Monthly System kwh sold)					- #DIV/0!
12	UNACCOUNTED KWH		MONTH	YTD		
	LINE LOSS		monthly average			
	OWN USE					

FA-3

GENERAL INFORMATION

COMPANY NAME

1 **GARKANE ENERGY COOPERATIVE, INC**

PO BOX 465

LOA, UTAH 84747

MONTH OF

Mar-16

2 **SALES (KWH)**

RESIDENTIAL	0
COMMERICAL - SMALL	0
COMMERICAL - LARGE	0
INDUSTRIAL	0
IRRIGATION	0
MUNICIPAL	0
WHOLESALE	0
OTHER SALES - STREET LIGHTS	0

TOTAL SALES (KWH)

0

3 **SALES (REVENUE \$)**

RESIDENTIAL	\$ -
COMMERICAL - SMALL	-
COMMERICAL - LARGE	-
INDUSTRIAL	-
IRRIGATION	-
MUNICIPAL	-
WHOLESALE	-
OTHER SALES - STREET LIGHTS	-

TOTAL SALES (REVENUE \$)

\$

-

4 **NUMBER OF CUSTOMERS**

RESIDENTIAL	0
COMMERICAL - SMALL	0
COMMERICAL - LARGE	0
INDUSTRIAL	0
IRRIGATION	0
MUNICIPAL	0
WHOLESALE	0
OTHER SALES - STREET LIGHTS	0

TOTAL CUSTOMERS

0

5 **AVERAGE CUSTOMERS (Current Month & Prior Month)**

RESIDENTIAL	0
COMMERICAL - SMALL	0
COMMERICAL - LARGE	0
INDUSTRIAL	0
IRRIGATION	0
MUNICIPAL	0
WHOLESALE	0
OTHER SALES - STREET LIGHTS	0

TOTAL CUSTOMERS

0